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Management Control Review of Selected Business Practices at NIFC

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Bureau of Land Management
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Executive Summary

A review of the property, procurement, and finance functions at the National Interagency Fire Center (NIFC) was performed by an interdisciplinary review team that included a representative from another agency. The review team found that the NIFC teams and individuals on the teams involved in these functions were knowledgeable, committed, and conscientious. These individuals have taken the initiative to develop processes and procedures that work very well at the NIFC.

The property management control review concentrated on the security area since a comprehensive property technical procedures review (TPR) was just completed in May 1994. The review team made some suggestions to increase/improve security at the Center and echoed the TPR report on the need to assign property custodial officers.

This management control review was extended to include an examination of procurement practices and processes. A customer satisfaction survey and a scoping review of the procurement function performed last June produced such positive results that the follow up on-site procurement file review was cancelled at that time. However, due to some allegations of improprieties this management control review was extended to include the procurement file review. The file review confirmed the positive results of the customer survey and scoping review and refuted the allegations of procurement improprieties. There were, however, some suggestions made that could increase processing efficiency.

Specific finance functions were examined as part of this management control review. Cash and cash type items were properly controlled, internal controls over collections were good, specific subsidiary accounts were properly maintained and reconciled, and good audit trails were maintained. The finance personnel were not following governmentwide regulations for pursuing delinquent debt; however, these personnel have developed a process that is effective for the NIFC and they should be complimented for their ingenuity. The review team did make a recommendation to protect the government's interest for large dollar debts. Finally, controls over the T&A process could be improved by altering the T&A approval and reporting process.

The review team also looked into ten allegations of improprieties at the Center. Those allegations are addressed in an addendum to this report. The addendum is not included with most copies of this report.

Bureau of Land Management
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Introduction

A special management control review of selected administrative functions at the NIFC was performed on-site the week of February 27, 1995. The review consisted of discussions with appropriate personnel, observations of the facility and the work processes, and reviews of files, records, and documents. The review focused on controls over property security, procurement practices, and finance functions. Certain allegations of improprieties were also investigated.

The on-site review lasted one-week. There was no scoping of the property or procurement function done in advance of this review, and very limited scoping was done in the finance area. Certain parts of the document review will continue after this report is issued.

The review team was assembled hurriedly with little time for advance preparation. The team members were

Jack Blickley, Supervisory Operating Accountant, Washington Office
Shirley Burhop, Supervisory Operating Accountant, Bureau of Reclamation
Linda Johnson, Chief, Branch of Administrative Services, Idaho State Office
Mike Taylor, Chief, Branch of Administration, Arizona Strip District Office

This report is not presented in the traditional BLM worksheet finding and recommendation format because (1) of the special nature of the review, (2) two such reports were issued in the last eight months, and (3) the results of the management control portion of this review were generally complimentary. Rather, this report is presented with a discussion of the functional areas reviewed (property, procurement, and finance) and a general discussion of the allegations made. Within each section there is a discussion of the scope of the review, who was involved, and what the review team concluded.

2. Custodial Officers

The prior TPR report addressed the need to assign custodial officers to more reasonable quantities of property. The recent NIFC reorganization presents an excellent opportunity for this to be accomplished. Custodial officers at the group (or team) level would be appropriate. In addition, the property management officer has the custodial officer training program and is prepared to offer it to newly assigned custodial officers. The team recommended that NIFC assign and train custodial officers and lend visible management support to the custodial officer concept.

3. Security

Security was a major concern to most people interviewed at the NIFC. It was a major worksheet finding in the special evaluation report and an action plan for dealing with it was devised by a special evaluation follow-up team.

Physical security at the NIFC has degraded in the last few years. Around-the-clock security was eliminated as a cost saving measure in favor of an occasional drive-by security contract. The fence around the perimeter of NIFC was taken down in places to accommodate construction at the facility. There are holes in the fences in some places, one of the gates can be opened from the outside, the ramp gates can be opened by sliding a large metal object under them, and the combination on these gates has not been changed for several years. These items have combined to increase the security risk to individuals as well as to government and personal property at the facility. This risk is enhanced because some materials are stored outside and the keys are left in the fire trucks.

The team recommended that the NIFC (1) reevaluate minimum security needs, (2) consider other possible short-term security measures, (3) extend and fix the fence and gates, (4) change the ramp gate combination, and (5) remove and safeguard the keys to the fire trucks.

The special evaluation report recommended that a security threat assessment be conducted to look at the security issue more comprehensively. The special evaluation follow-up team's action plan addressed this recommendation and made an assignment to complete the assessment and prepare an implementation plan based

on that assessment. The threat assessment has been completed but the overall effort has stalled. The team recommended that all involved parties coordinate their efforts and complete this comprehensive security review.

One item revealed by the threat assessment is that theft and losses at the NIFC may not be reported. The team recommended that the above implementation plan include procedures for reporting lost or stolen property.

Procurement

A customer satisfaction questionnaire and a scoping review of the NIFC's contracting and procurement function was performed in June 1994. Those actions gave excellent ratings to the procurement staff for the quality of service they provide. Prior TPRs also indicated a well-run procurement program. Therefore, it was determined at that time that an on-site review was not needed. However, since some of the current allegations of improprieties at the Center concerned procurement issues (discussed later in this report), it was decided to perform the procurement file review as part of this review.

The file review was conducted on some of the unique and large dollar purchase orders done at the Center in FY 1994 and the last quarter of FY 1993. All regulations and procedures were being followed, mandatory sources (Unicor, GSA stock programs, and Federal Supply Schedules) were very well utilized, adequate justifications were present, and actions were completed in a timely manner with utmost consideration for fire program needs. The files were very well documented, sometimes probably more than necessary. Opportunities for saving time were identified and discussed with appropriate personnel.

Contract files reviewed were well maintained. Contracts contained appropriate clauses and provisions. Documentation concerns with two contracts were discussed with appropriate personnel. In addition, suggestions to use blanket purchase agreements (BPAs) in lieu of requirements contracts were also discussed.

The procurement function lost two employees to retirement in the last year, although one position is scheduled to be filled. This is severely limiting the ability to complete transactions in the timeframes to which the NIFC staff are accustomed and could be a critical problem during fire emergencies.

Bureau of Land Management
Management Control Review of
Selected Business Practices at NIFC

Finance

Unlike the property and procurement processes, there was no finance technical procedures review or scoping of the function performed last year. This special review was performed as a result of the September 1994 special evaluation report.

The finance portion of this review concentrated on controls over cash, certain subsidiary accounts, debt collection practices, and time and attendance procedures. The review was expanded on-site to include reimbursable agreements and other specific allegations. It included interviews with affected individuals and a review of files and records maintained both locally and from the Service Center.

1. Cash Controls

The NIFC collects about $900,000 annually. Controls over cash and cash type items were good. There was adequate separation of collection, deposit, and recording duties, collection files were well documented leaving a good audit trail, and involved individuals were knowledgeable and conscientious.

2. Imprest Funds

A review of the imprest fund was performed ($10,000 fund balance). All cash and cash type items were accounted for, imprest fund documentation was good, required reviews were performed periodically, the imprest fund cashier was knowledgeable of imprest fund operations, and the fund was being used for appropriate purposes. The summer level fund increase was not returned (for legitimate reasons) and the fund usage is currently below reasonable levels. We agree that the increase should not be returned now; however, it should be reviewed again after next fire season.

3. Subsidiary Accounts

A small suspense account (less than $1,000 and four items) and a relatively small accounts receivable subsidiary account (about $84,000 and 302 accounts) are maintained at the NIFC. Both accounts are reconciled regularly and are supported by sufficient detail. The NIFC finance personnel are knowledgeable about how the accounts work and how to maintain them. The annual suspense account aging report was prepared timely.

Bureau of Land Management
Management Control Review of
Selected Business Practices at NIFC

4. Debt Collection

In FY 1994 the NIFC issued about 2,300 bills. As of January 31, 1995, the NIFC had 268 bills for about $24,000 that were delinquent. The team reviewed the Center's procedures for following up on these delinquencies, discussed the collection techniques, and made some suggestions for altering the process.

Debt collection regulations require certain procedures be followed in order to aggressively pursue collection of debts and to protect the government's rights in case of litigation. These procedures require that demand letters be sent to delinquent debtors at specified intervals, and that the demand letters contain certain provisions, among them the assessment of interest, penalty, and handling charges. Debts not collected within a specified time are pursued through a debt collection agency and, if unsuccessful (as is usually the case), are written off or referred to the Solicitor or Department of Justice for legal action. The amount of the delinquent debt enters into how many of these actions are required, e.g., bills less than $100 require only two demand letters, or only bills over $20,000 are referred to the Department of Justice for write-off.

The vast majority of bills are issued to governmental agencies for publications dispensed by NIFC. The bills are generally for small dollar amounts (the average is about $90) that are paid within 90 days. Consequently, the NIFC has evolved a process that fits that billing operation. Interest, penalty, and handling charges are not assessed and demand letters are sent less formally. Telephone contact is more actively pursued and customers that do not pay their bills are no longer issued publications. This methodology, although not in accordance with the published regulations, is effective for NIFC.

The danger with this approach is that the Solicitor and the Department of Justice will not pursue collection of a case where the published procedures are not followed. Therefore, the team recommends that any bill to an individual or commercial organization for greater than $600 follow the established procedures. (The $600 figure was specified because that is the NIFC Director's account write-off threshold.) Procedures, forms, and examples are detailed in the Collections Reference Guide.

5. Time and Attendance Reports

The NIFC employees involved in the time and attendance report (T&A) process who were interviewed by the team were knowledgeable in the process and understood the criticality of the T&A function. The team reviewed selected T&As (approximately 250 T&As) and several of the reports associated with the T&A process (the Remote Entry of Time and Attendance Reporting System (RETARS) reports). From this review the team concluded that employees' T&As were properly and timely prepared, were supported by proper documentation, and agreed with the RETARS reports. The amended and supplemental T&A process was functioning properly. The payroll correction and payroll adjustment processes were likewise functioning properly. The team made a suggestion (discussed below) to improve controls in the T&A process, decrease the possibility for fraud, and eliminate or reduce the perception of improprieties.

The BLM T&A is a two-part detachable form. Currently, supervisors at the NIFC are certifying the T&A and returning both copies to the timekeeper who, in many cases, is also the RETARS data entry clerk. After the T&As are entered into RETARS the forms are detached, the original is filed, and the copy is either sent to the employee, filed, or destroyed. After the end of each pay period the overtime, premium pay, and leave report is being initialed by the certifying official based (apparently) on memory. The control process can be strengthened if the certified T&As are returned to an individual other than the timekeeper or RETARS data entry clerk. That individual should separate the T&As and send the original to the RETARS data entry clerk. The T&A copy should be retained and compared to the overtime, premium pay, and leave report when it is received. Any discrepancies should be brought to the attention of the certifying official.

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